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23 OCT 1978

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Secretary of Defense,
20 October 1978

1. The Secretary agreed that we have to do something for the GAO by way of codeword clearances. I told him we would try to do it on the basis that their clearances were for specific projects requested by the Congress and that generally speaking unless the same people were doing the same projects it would be one-time clearances.

a. Tell OLC that I think the draft letter they have given me is a little bit bureaucratic. We should say something to the effect that the Secretary of Defense and I have discussed this and are in full agreement that there is a need for the GAO, in looking into defense programs, to be able to have access to relevant codeword material which bears on the scope of the investigation. In view of the sensitivity of this material, we believe it should be provided on a case-by-case basis and that we would appreciate GAO limiting the number of investigators who need to know this to the absolute minimum. We would therefore suggest that a procedure be established whereby when requested by the Congress to investigate some particular program the GAO, upon finding out from the Department of Defense that the pursuit of that investigation would require a codeword clearance, forward their request to the Director of Central Intelligence and we will grant it for the period of that investigation.

b. I told Harold Brown we would draft our letter and send it to Dan Murphy to make sure it is all right with DoD before we send it to Staats.

2. NFIP. The Secretary requested that I have a meeting with Dinneen (or Hermann if Dinneen is not back from his forthcoming trip) and Murphy sometime about the end of the month to get their views on the NFIP before I make my decisions. He also emphasized the value of ensuring that the program managers feel they are being thoroughly consulted on such things as the preparation of the tentative ZBB list. I told him I couldn't assure them that we would have the program

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TOP SECRET

managers participate in the ZBB ranking process, but that I felt their point was well taken that we should do everything we can to insure that the program managers not only are consulted but feel that they have been thoroughly consulted.

a. For [] Let's talk about this, but for this go-around we probably had best set aside an excessive amount of time for consultation to be sure that we give every appearance of impartiality.

b. For [] Set up a meeting with Hermann and Murphy for sometime towards the end of the month to hear their views on the budget and block out time for me to hear each program manager sometime between now and the end of the first week in November.

3. The Secretary referred to the Aviation Week article on particle beam weapons and the fact that the STIC had pronounced it erroneous.

4. The Secretary requested a Community assessment of the changing trends in the Far East, and what impact they may have on U.S. policy. He feels that next to the Middle East the Soviets may feel that trends are going against them more in the Far East than anywhere else: the Japanese choice of the PRC; the warming between the PRC and the U.S.; the PRC's moves to have greater influence in the rest of the world. He wonders if we shouldn't look at other issues such as the impact of our withdrawal of forces from Korea and the Chinese predominant influence in North Korea; how the PRC is going to increase its military strength and whether the Soviets are going to be able to effect a virtual world embargo on sales to China;

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5. Discussion on the DIA Building was limited to the costing factors. I delivered [] paper--I ran through it. I pointed out that we had only a matter of a week or two before we would be irrevocably committed to another \$2.7 million.

6. I gave the briefing on the Soviet budget.

TOP SECRET

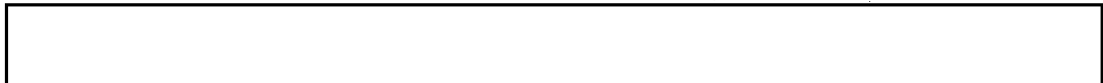
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8. We briefly discussed the North Korean order of battle problem.

9. I advised him of the SSCI study of the NRP. He and Duncan felt that we should not allow individuals who are consultants for us to be on this panel. I didn't take quite that firm a position.



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10. I talked about the IISS and their desire to get a contribution from the U.S. Government for their new permanent headquarters. He had already been approached by many others; he doesn't feel he can do it with contingency funds. The only other alternative is to go to the Congress. He is willing to do that but is confident we would lose. I told Secretary Duncan we would be pleased to support him on his trip and had made arrangements to talk with [redacted] at all his stops.


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11. I talked about Kampiles. [redacted] was in the room when I first arrived and I covered it with her there.

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12. Didn't cover [redacted]

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STANSFIELD TURNER
Director



TOP SECRET